

# Senate Study Bill 3170 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

## A BILL FOR

1 An Act relating to the property tax exemption for certain  
2 broadband infrastructure.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 40, paragraph b, Code  
2 2016, is amended to read as follows:

3 b. (1) The exemption shall apply to the installation of  
4 ~~broadband~~ any of the following:

5 (a) Broadband infrastructure that facilitates broadband  
6 service at or above twenty-five megabits per second of download  
7 speed and three megabits per second of upload speed commenced  
8 and completed on or after July 1, 2015, and before July 1,  
9 2020, in a targeted service area, and used to deliver internet  
10 services to the public.

11 (b) If the installation is funded in whole or in part using  
12 financial assistance from the connect America fund administered  
13 by the federal communications commission under 47 C.F.R.  
14 pt. 54, subpt. D, broadband infrastructure that facilitates  
15 broadband service at or above ten megabits per second of  
16 download speed and one megabit per second of upload speed  
17 commenced and completed on or after July 1, 2016, and before  
18 July 1, 2022, in a targeted service area, and used to deliver  
19 internet service to the public.

20 (2) A person claiming an exemption under this subsection  
21 shall certify to the local assessor prior to commencement of  
22 the installation that the broadband installation will take  
23 place within a targeted service area and shall specify the  
24 current number of homes, farms, schools, and businesses in the  
25 targeted service area that were offered broadband service and  
26 the download and upload speeds available prior to the broadband  
27 infrastructure installation for which the exemption is claimed  
28 and the number of homes, farms, schools, and businesses in the  
29 targeted service area that will be offered broadband service  
30 and the download and upload speeds that will be available as  
31 a result of installation of the broadband infrastructure for  
32 which the exemption is claimed.

33 Sec. 2. Section 427.1, subsection 40, paragraph f,  
34 subparagraph (1), Code 2016, is amended by adding the following  
35 new subparagraph division:

1     NEW SUBPARAGRAPH DIVISION. (h) If applying for an exemption  
2 for broadband infrastructure described in paragraph "b",  
3 subparagraph (1), subparagraph division (b), certification  
4 from the office of the chief information officer that the  
5 installation is funded in whole or in part using financial  
6 assistance from the connect America fund administered by the  
7 federal communications commission under 47 C.F.R. pt. 54,  
8 subpt. D.

9       Sec. 3.   IMPLEMENTATION OF ACT.   Section 25B.7 shall not  
10 apply to this Act.

11	EXPLANATION
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12           The inclusion of this explanation does not constitute agreement with  
13           the explanation's substance by the members of the general assembly.

14 In 2015, a property tax exemption was enacted for broadband  
15 infrastructure in a targeted service area for installations  
16 commenced and completed on or after July 1, 2015, and before  
17 July 1, 2020. To qualify for the exemption, the broadband  
18 infrastructure must facilitate broadband service at or above 25  
19 megabits per second of download speed and 3 megabits per second  
20 of upload speed. The tax exemption is a 100 percent exemption  
21 from taxation for a period of 10 years in an amount equal  
22 to the actual value added by installation of the broadband  
23 infrastructure.

24 This bill establishes a similar exemption for the value of  
25 broadband infrastructure used to deliver internet service to  
26 the public that facilitates broadband service at or above 10  
27 megabits per second of download speed and 1 megabit per second  
28 of upload speed if the installation is funded in whole or in  
29 part using financial assistance from the connect America fund  
30 administered by the federal communications commission, the  
31 installation is commenced and completed on or after July 1,  
32 2016, and before July 1, 2022, and the installation occurs in a  
33 targeted service area. Under the bill, the office of the chief  
34 information officer is charged with the duty of certifying that  
35 the broadband infrastructure installation is funded in whole

1 or in part using financial assistance from the connect America  
2 fund administered by the federal communications commission.  
3 Code section 25B.7 does not apply to the property tax  
4 exemption in the bill. Code section 25B.7 provides that for a  
5 property tax credit or exemption enacted on or after January  
6 1, 1997, if a state appropriation made to fund the credit  
7 or exemption is not sufficient to fully fund the credit or  
8 exemption, the political subdivision is required to extend  
9 to the taxpayer only that portion of the credit or exemption  
10 estimated by the department of revenue to be funded by the  
11 state appropriation.